

**WASHINGTON, D.C.** – Congresswoman Loretta Sanchez (CA-47), Chair of the House Armed Services Subcommittee on Terrorism, Unconventional Threats and Capabilities, today held a hearing on the opportunities and challenges facing small businesses in the defense acquisitions process. Although many small defense firms have unique perspectives and products to offer our military and defense agencies, there are barriers in place that effectively prevent these businesses from securing contracts.

“There are many small businesses in my community and elsewhere that have exciting, innovative products to offer our defense agencies,” said Rep. Sanchez. “Yet, these firms are having difficulty sharing their technologies because they’re not always told what our military’s needs are. We have too much to gain from research and development in the small business sector to let these firms be shut out of the defense acquisition process.”

At the hearing, Rep. Sanchez, who is also a member of the bipartisan, bicameral Joint Economic Committee, repeatedly stressed the important role small businesses should play in the defense industry. In addition to being the backbone of our economy, small businesses are a key driver of innovation. Small defense firms also have different perspectives on key national security issues than large firms, which makes their contributions that much more valuable.

A copy of Rep. Sanchez’s opening statement is available below:

“I would like to welcome you all and thank you for joining us this afternoon. Today, we are here to further examine the opportunities and challenges for small technology firms to compete in defense acquisition. The purpose of this hearing is to answer some of those questions that my colleagues are frequently asked by small business owners in their districts.

“Many small businesses do not know how to navigate or approach the DoD bureaucracy. This Subcommittee has held hearings on small businesses this past year because, as I have stated before, small businesses are the key driver of innovation for the Department of Defense and economic strength for the nation.

“I cannot stress enough how pertinent the success of small businesses are to the U.S. economy

and the daily responsibilities of the Department of Defense. Small businesses have different perspectives on key national security issues, particularly compared to large industries.

“One of the goals for this hearing is to understand how our national security requirements and goals are interpreted by the small business, and how better the Department of Defense can guide small businesses to the current technological needs of the Department.

“Currently, this nation’s small businesses encounter endless challenges as they venture to participate in the development and procurement of innovative technologies critical for national security. I hope in today’s hearing, our witnesses will address these challenges and highlight effective tools and resources that we can take back to educate our communities small businesses.

“For example, I’m sure my colleagues are constantly approached by small businesses in their districts requesting information about who to call if these businesses seek to participate and advance their innovative ideas within the DoD acquisition system. Additionally, I am approached all the time by small business owners asking me how they can find out and address the technological needs of the Department. These are seemingly simple requests that if appropriately addressed, would immensely assist our nation’s small business community.

“Another issue that should be discussed during this hearing is the ongoing challenge of reauthorizing the Small Business Innovation Research (SBIR) program. The underlying law authorizing the SBIR program expired in 2008 and efforts have been underway in order to reauthorize the program. However, these efforts have not been successful and I find this disturbing and extremely concerning. I believe it would be particularly helpful for our witnesses to briefly explain the consequences of further delaying or not passing a comprehensive reauthorization bill and the effects it will have on the overall effectiveness of the SBIR program.

“And finally, I would like to point out that the DOD has invested over \$5.0 billion in SBIR over the last five years across thousands of projects, but doesn’t get full value of this investment for various reasons, including a shortfall in available funds to transition these technologies to the warfighter or the commercial marketplace.

“This committee, as I’m sure you do as well, finds effective and rapid technology transition an

imperative. That is why we, in our pending Fiscal Year 2011 defense authorization bill, established a new program called the Rapid Innovation Program. The Rapid Innovation Program authorizes \$500M for the purposes of developing innovative solutions to defense needs and accelerate insertion of these technologies into weapons programs or the marketplace. The program is intended to primarily support small high-tech private-firms. We welcome your comments on how the Department would execute this new authority.

“So today, we have two distinguished witnesses before us. First, we have brought back the Honorable Zachary Lemnios, the Director of Defense Research and Engineering at the US Department of Defense. And we also have Ms. Linda Oliver, the Acting Director of the Office of Small Business Programs in the US Department of Defense.

“Once again I would like to thank all of our witnesses for being here today and I look forward to hearing your testimonies. Without objection, we will accept your written statements as part of the official record.

“I’d also like to remind the witnesses that we’d like for you to briefly sum up your statements, and we will be observing the 5 minute rule for questions from the members. I will now yield to the Ranking Member from Florida, Mr. Miller for his opening statement. Thank you.”